

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS (HOUSTON)

IN RE: . Case No. 22-90273  
. Chapter 11  
COMPUTE NORTH HOLDINGS, INC. .  
and CN MINING, LLC, . 515 Rusk Avenue  
. Houston, TX 77002  
Debtors. .  
. Tuesday, November 22, 2022  
. 2:02 p.m.  
. . . . .

TRANSCRIPT OF ORDER (A) APPROVING DE MINIMIS ASSET SALE  
PROCEDURES; APPROVING CERTAIN BIDDING PROCEDURES, ASSUMPTION,  
ASSIGNMENT, AND REJECTION PROCEDURES, AND THE FORM AND MANNER  
OF NOTICE THEREOF; (C) AUTHORIZING THE DEBTORS TO ENTER INTO  
ASSET PURCHASE AGREEMENTS WITH STALKING HORSE BIDDERS; AND  
(D) SCHEDULING A HEARING ON THE APPROVAL OF THE SALE OF THE  
DEBTORS' ASSETS FREE AND CLEAR OF ALL ENCUMBRANCES, AS WELL AS  
THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS  
AND UNEXPIRED LEASES [256];

NOTICE OF SUCCESSFUL BIDDER FOR CERTAIN ASSETS [511]

**BEFORE THE HONORABLE MARVIN ISGUR  
UNITED STATES BANKRUPTCY COURT JUDGE**

APPEARANCES:

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1



1 (Proceedings commence at 2:00 p.m.)

2 THE COURT: All right. Good afternoon. We're here  
3 on the Compute North Holdings case, 22-90273. Electronic  
4 appearances should have been made. If you wish to speak at any  
5 point today, please press "five star" one time on your phone.  
6 Tell me what we have, Counsel.

7 MR. GROGAN: Good afternoon, Your Honor. James  
8 Grogan from Paul Hastings here on behalf of Compute North and  
9 its debtor affiliates. Your Honor, we're here today on a -- on  
10 an asset sale, one of several that we've had in the case so  
11 far. The one today was -- is between the debtors and DCG  
12 Foundry. A proposed sale order was entered at Docket Number  
13 525. Notice of successful bidder for these assets was entered  
14 at Docket Number 511.

15 THE COURT: All right. Ms. Whitworth.

16 MS. WHITWORTH: Good afternoon, Judge Isgur. The  
17 United States Trustee does did not have any objections to the  
18 proposed order.

19 THE COURT: Thank you. From area code (646)  
20 415-3874.

21 MR. COHEN: Good afternoon, Your Honor. This is Alex  
22 Cohen, Weil Gotshal, on behalf of Marathon Digital Holdings,  
23 Incorporated. We're a creditor and a customer in  
24 (indiscernible) in these cases. We saw the order was filed,  
25 and I don't want to get ahead of the debtors' presentation in



1 case they've had a chance to review some of the language, but  
2 we just had some reservations of rights language that we  
3 proposed to be entered. And we can address that now or at the  
4 end of the hearing, whichever Your Honor prefers.

5 THE COURT: Let's see where we go, and I won't forget  
6 it.

7 Mr. Gibbs.

8 MR. COHEN: Thank you.

9 MR. GIBBS: Good afternoon, Your Honor. Chuck Gibbs  
10 with McDermott Wills & Emery, along with my partner, Kristin  
11 Going, on behalf of the unsecured creditors in this committee.  
12 We have reviewed the order and are generally fine with it, and  
13 we'll make statements in support of the motion at the  
14 appropriate time.

15 THE COURT: Thank you. From (713) 561-1844.

16 MS. ALKADRI: Good afternoon, Your Honor. Susan  
17 Alkadri with Mayer Brown, here on behalf of Sunbelt Solomon  
18 Services, LLC. Your Honor, we filed a limited objection to  
19 debtors' proposed sale earlier this month, Docket 413. We've  
20 been in communication with debtors regarding our objections,  
21 and because we want to facilitate the sale process, we've  
22 agreed with debtors to some carefully negotiated language in  
23 Paragraph 32 of the proposed sale order. And if anything comes  
24 up, I will raise that at the appropriate time. Thank you, Your  
25 Honor.



1 THE COURT: Thank you. We did have an objection by  
2 the Nebraska entities to the Minden transaction, and I know  
3 that's now somewhat of a delayed transaction. But what are we  
4 doing in the order with respect to the executory contract issue  
5 that's really being raised by the Nebraska entity?

6 MR. GROGAN: Right. Your Honor, I think we have  
7 resolved that one. Mr. Micheli can -- I think has the  
8 paragraph where that resolution is reflected. Mr. Micheli, you  
9 want to take over?

10 THE COURT: Let me get his line up. From  
11 (402) 679-5426.

12 MR. WHALEY: Good morning, or good afternoon, Your  
13 Honor. Michael Whaley on behalf of the Nebraska Public Power  
14 District. And as counsel indicated, Mr. Micheli will be  
15 advising the Court as to some agreements reached between the  
16 parties with regard to the objections that we had filed.

17 THE COURT: All right. And that resolves your  
18 objection then?

19 MR. WHALEY: Your Honor, it should resolve our  
20 objection. We have some language that needs to be worked out  
21 between the parties, which we're working on, but in principle,  
22 yes, I believe we have our objections resolved.

23 THE COURT: And Mr. Micheli, what is that deal?

24 MR. MICHELI: Yes, Your Honor. Thank you. Matt  
25 Micheli on behalf of the debtors.



1           So, Your Honor, as you indicated, NPPD did file two  
2 objections. The first objection was to the assumption and  
3 assignment of the transmission facilities construction  
4 agreement at NPPD's Minden substation, which is dated  
5 February 17, 2022-- we'll refer to that as the "construction  
6 agreement" -- and the agreement for EDR electrical service --  
7 excuse me, electric service between Compute North NE05, LLC and  
8 Southern Public Power District and Nebraska Public Power  
9 District, which is dated October 1st, 2021, and I'll refer to  
10 that as the "EDR agreement." In addition to that objection,  
11 Your Honor, NPPD also filed an objection yesterday to the  
12 adequate assurance of future performance under the construction  
13 agreement and EDR agreement.

14           Your Honor, we can report that the debtors, the  
15 purchaser, and NPPD have reached an agreement in principle,  
16 subject to documentation that would resolve NPPD's objection  
17 and allow for the EDR agreement and the construction agreement  
18 to be assumed by the debtors and assigned to the purchasers.  
19 The parties intend to work in good faith to memorialize this  
20 resolution through a combination of certain amendments to the  
21 EDR agreement and a stipulation among the parties, which the  
22 debtors intend to submit to the Court for approval prior to the  
23 Minden closing. And that term is defined in the Foundry asset  
24 purchase agreement. That would be the outside date for  
25 resolution of that matter.



1 And, Your Honor, while the parties are working on  
2 documentation of their understanding and the agreement, the  
3 debtors, NPPD, and the purchaser reserve all of their rights on  
4 the record as it relates to NPPD's objections, the EDR  
5 agreement and the construction agreement, including the  
6 debtor's right to assume and assign such agreements to the  
7 purchaser.

8 Your Honor, based upon those statements, EDR --  
9 excuse me, NPPD, for purposes of today's hearing, will not be  
10 pursuing its objection.

11 THE COURT: Thank you, Mr. Micheli. I've looked for  
12 Exhibit 8.1(f) to the draft form of order, but it didn't have  
13 its exhibits with it. What am I doing in this order that would  
14 potentially authorize the assumption and assignment of those  
15 contracts that are going to be worked out with the further  
16 order? In other words, I couldn't tell what I was --

17 MR. MICHELI: So Your Honor --

18 THE COURT: -- doing in the order because I couldn't  
19 find the schedule, so --

20 MR. MICHELI: The parties have agreed that until we  
21 either reach this resolution -- so if the parties reach  
22 resolution, Your Honor, then we would present the stipulation  
23 to the Court and that stipulation would address the resolution  
24 reached. And at that point in time, the agreements,  
25 construction agreement and the EDR agreement, would be assumed





1 and assigned to the purchaser. If the parties are unable to  
2 document this resolution and reach an agreement, my expectation  
3 is, Your Honor, that the debtors would seek a further hearing  
4 before the Court to address the issue of the -- excuse me, the  
5 objections raised in NPPD's objection with respect to the  
6 executory nature of those contracts and would again, seek a  
7 ruling from this Court or further -- a further order from this  
8 Court making the determination that the debtors can, in fact,  
9 assume and assign those agreements.

10 THE COURT: Yeah. And all that's fine with me. I  
11 just don't see where the order does that, and that's what I'm  
12 trying to clarify with you. And if we just need to add a  
13 sentence or two to the order to say that, you know, that's  
14 fine. But I may just be missing in the order where it says  
15 that. And part of that is because I can't read 8.1(f).

16 MR. GROGAN: Your Honor, I think the agreement with  
17 NPPD on this point was that you would so order the record. So  
18 we would be reading the resolution into the record with their  
19 consent.

20 THE COURT: In other words, you won't close either  
21 without a further order.

22 MR. GROGAN: it's not going to be reflected in the  
23 order per se. It'll -- it is a "on the record" agreement.

24 THE COURT: If that's okay with everyone else here,  
25 then I will do that. Let me hear if there's any objection to



1 that.

2 (No audible response)

3 THE COURT: All right. I'm ordering that the sale of  
4 the Minden facility may not close without the written consent  
5 of the Nebraska public entity that has filed an objection or  
6 further order of the Court. And we'll make a docket entry to  
7 that effect. Thank you for clarifying that.

8 MR. GROGAN: Yep.

9 THE COURT: I just wanted to be sure what -- how we  
10 were getting --

11 MR. GROGAN: Thank you, Your Honor.

12 THE COURT: -- crossing that bridge.

13 MR. GROGAN: Yes.

14 THE COURT: Does that work for Foundry? Let me just  
15 hear from Foundry.

16 MS. MANOUKIAN: Your Honor, Kristine Manoukian from  
17 Schulte Roth & Zabel on behalf of Foundry Digital LLC, the  
18 purchaser for the Foundry assets. Just a minor clarification  
19 on this point. The expectation is that the Minden assets or  
20 purchased assets as they're defined in the asset purchase  
21 agreement are part of the purchased assets. And at the option  
22 of Foundry, Foundry would be able to acquire those assets. Now  
23 as it relates to -- and that this order would authorize that  
24 transaction. However, as it relates to the NPPD agreements at  
25 issue that NPPD has raised objections with, those agreements,



1 because there is some dispute as to whether or not the debtors  
2 are able to assume and assign those agreements at this time,  
3 that is what's going -- that is what's being preserved pending,  
4 you know, resolution among the parties of appropriate language  
5 that will reflect that.

6 And so at that point in time, once that resolution  
7 has been reached, those agreements could be assumed and  
8 assigned. So it's really just as it relates to the assumption  
9 and assignment of those agreements that we're sort of punting.  
10 But as it relates to the remaining Minden assets, no other  
11 party has raised issues with respect to that. So we would be  
12 seeking authorization on that transaction, as well.

13 THE COURT: So just to be sure, if you choose, you  
14 may close on the Minden assets, but without further court order  
15 or the written agreement of the Nebraska entity, you may not  
16 assume the two contracts that are at issue, right?

17 MS. MANOUKIAN: That's correct, Your Honor.

18 THE COURT: You would take the assets without  
19 those --

20 MS. MANOUKIAN: That's the understanding we've  
21 reached with NPPD.

22 THE COURT: You would take the assets without those  
23 assumed contracts --

24 MS. MANOUKIAN: That's correct, Your Honor.

25 THE COURT: -- if that's the way you like.



1 MS. MANOUKIAN: Yes. And that -- it's at our option,  
2 certainly, to do that, if we choose to.

3 THE COURT: So let me just be sure that's okay with  
4 NPPD.

5 MR. WHALEY: Your Honor, Mike Whaley again on behalf  
6 of NPPD, and that is acceptable to us. We understand that,  
7 again, those issues need to be worked out which we anticipate  
8 they will.

9 THE COURT: I do, too. I just -- I need to know  
10 exactly what this is going to be. So they can go ahead and buy  
11 all of the Nebraska assets if they want to. They just can't  
12 assume and assign your contracts without your agreement or a  
13 further court order.

14 MR. WHALEY: Correct, Your Honor.

15 THE COURT: Okay. Thank you.

16 MS. MANOUKIAN: Thank you, Your Honor.

17 THE COURT: Thank you. And then why don't we go and  
18 take Mr. Cohen's issue and see what that is? Mr. Cohen?

19 MR. COHEN: Hi, Your Honor. Alexander Cohen again,  
20 for the record, for Marathon Digital. So the sale order was  
21 filed pretty quickly before the hearing, and we had a quick  
22 chance to review, but it seems that a couple of the schedules  
23 are missing from the asset purchase agreement that was filed,  
24 including the schedule of purchased assets. Our concern is  
25 that the notice that defines purchased assets defined it



1 broadly to include all the mining equipment owned by several of  
2 the debtors, including Compute North LLC, Compute North Mining,  
3 Compute North Texas. And we want to make sure that, to the  
4 extent that the debtors are selling equipment, that they're  
5 only selling equipment that's theirs and not owned by a third  
6 party but held by the debtors. I think we had a similar issue  
7 in the Generate sale.

8 THE COURT: Right.

9 MR. COHEN: And we had some language that we (audio  
10 interference), and so we would just propose that similar  
11 language be dropped into this sale order, just so everyone has  
12 the comfort that no assets are being sold without third-party  
13 permission.

14 THE COURT: Mr. Micheli?

15 MR. MICHELI: Yes, Your Honor. I think the starting  
16 place is that, you know, we made clear in the procedures order,  
17 which appears at Docket 256, I think it's noted twice in the  
18 procedures order itself and once in the bidding procedures that  
19 the debtors are not authorized, nor are they seeking  
20 authorization, to sell assets that belong to customers. The  
21 debtors -- it's not property of the estate, and the debtors did  
22 not seek authority to do that.

23 And so I, you know, from the debtors' perspective,  
24 Your Honor, we haven't requested that, nor do we believe that  
25 pursuant to the sale agreement, we are selling any property



1 that belongs to any of the customers.

2 THE COURT: And what if something that a customer  
3 thinks belongs to it turns out to appear on your schedule of  
4 assets so that there is a dispute? Which controls, the  
5 schedule of assets or ownership?

6 MR. MICHELI: I would say the schedule of assets,  
7 Your Honor, because we're not seeking to, you know, as  
8 indicated, we're not seeking to actually sell them anything  
9 that is owned or held by a customer.

10 THE COURT: Then it seems to me that Mr. Cohen ought  
11 to -- have to -- he definitely needs to look at the schedule of  
12 assets to be sure that nothing his client claims is there, if  
13 you're telling me that schedule, in effect, declares who owns  
14 what property is owned, is there. Or we can simply say you can  
15 only sell what you own and disregard what might be listed. But  
16 if you're going to tell me it's whatever is listed, is your  
17 position as to what you own, I don't know how they can get  
18 comfortable that that's correct without seeing it.

19 MR. MICHELI: Understood, Your Honor. And I can -- I  
20 think that we will be able to share that schedule with the --  
21 with Marathon, but I'd like to confirm that with the purchaser,  
22 as well.

23 MR. GROGAN: Can we can we take five minutes and talk  
24 to Foundry and --

25 THE COURT: Sure. I'm happy with any resolution. I



1 just want a resolution that I can enforce.

2 MR. GROGAN: Okay. Yeah, I understand completely. I  
3 -- the order has to be acceptable to the purchaser.

4 THE COURT: Right.

5 MR. GROGAN: So if we're going to add something in  
6 here.

7 THE COURT: I also think I need an order that has its  
8 attachments, right, if I'm going to be approving it? I don't  
9 think I do.

10 MR. GROGAN: The --

11 THE COURT: The order refers to attachments that  
12 aren't there.

13 MR. GROGAN: I think the APA that -- you're referring  
14 to the schedules on the APA or the order itself?

15 THE COURT: I thought that it said "attached hereto,"  
16 but let me look in the proposed order. It says, for example,  
17 on Page 36, "Assigned contracts means all executory contracts  
18 and unexpired leases that are expressly set forth on Schedule  
19 8.1(f), attached hereto." And I think we do the same thing  
20 with the assets.

21 So I think I've got to have a fully conformed  
22 version, or we can change this to say it's whatever's listed on  
23 the asset purchase agreement. But I don't think I want an  
24 order that's incomplete.

25 MR. GROGAN: Oh, I understand. That's --



1 THE COURT: Tell me, what does the purchaser want?

2 MR. GROGAN: That's something we can clean that up.

3 THE COURT: Go ahead.

4 MR. MICHELI: We can clean that up, Your Honor.

5 THE COURT: Thank you.

6 MS. MANOUKIAN: Your Honor, Kristine Manoukian again  
7 from Schulte Roth & Zabel on behalf of Foundry. We don't have  
8 I don't believe -- I'll need to confirm with my client, but I  
9 don't believe we have an issue attaching Schedule 1.1, which is  
10 the purchase asset schedule, or Schedule 8.1(f), which is the  
11 assigned contract schedule, which, by the way, for -- Your  
12 Honor, just for your benefit, that contract -- the contracts  
13 listed on Schedule 8.1(f) are exactly the same contracts that  
14 the debtors noticed, I believe, over the weekend, the selected  
15 target contract under that notice -- I can't remember what  
16 exact docket number it is. But it was, I believe Docket 510,  
17 if I recall correctly. And so that -- that's -- that mimics  
18 actually that schedule. But if Your Honor wishes, we don't  
19 have an objection to attaching those two schedules.

20 THE COURT: It's -- I really don't have much of a  
21 preference other than I don't want to sign something that says  
22 I'm assigning what's on the attached and then there is no  
23 attached.

24 MS. MANOUKIAN: Understood, Your Honor.

25 THE COURT: So I don't care which way you want to





1 write it.

2 MS. MANOUKIAN: Sure.

3 THE COURT: But don't have me say something --

4 MS. MANOUKIAN: We'll take a look at the order and  
5 see how we can clean it up.

6 THE COURT: Yeah. Okay.

7 MS. MANOUKIAN: No problem.

8 THE COURT: How do you all want to get this done?  
9 Because that means we're not going to -- it's clear you all  
10 are going to get it done. I just don't know if you want to try  
11 and get this done during this hearing. Do you want to submit  
12 the order after the hearing and get it signed tomorrow? What  
13 are we trying to do?

14 MS. MANOUKIAN: Yeah. Your Honor, it would be our  
15 preference to get this done at the hearing so if we can take  
16 five, ten-minute break.

17 THE COURT: And then just have somebody file the  
18 new --

19 MS. MANOUKIAN: I don't imagine it would --

20 THE COURT: If somebody will file a new order that  
21 works.

22 MS. MANOUKIAN: That's fine with me, Mr. Micheli.

23 MR. MICHELI: Yes, we can do that. I just need to  
24 coordinate the correct form of order. Happy to do that.

25 THE COURT: Mr. Cohen, are you okay with this



1 solution?

2 MR. COHEN: I'm trying to -- apologies if I'm slow on  
3 the uptake. I just want to make sure that I understand it.

4 Are you guys providing me with a schedule of assets  
5 or are we adding essentially a paragraph saying you're not  
6 selling third-party assets? If you provide the schedule, we're  
7 going to need some time to run it by the client to confirm that  
8 none of the equipment that's on there belongs to them. It  
9 might be more efficient to just include the paragraph that just  
10 -- the plain reservations of right language that we used in the  
11 Generate sale order. I'm happy to circulate that if that's  
12 easier.

13 THE COURT: Okay. Well, I'll let you all talk  
14 through it and work out something that hopefully everybody can  
15 live with. And if you can't, we'll deal with it if you can't,  
16 in a few minutes.

17 MS. MANOUKIAN: That sounds great. Thank you, Your  
18 Honor.

19 THE COURT: How much time do you all want? You said  
20 ten minutes. Is it really ten minutes?

21 MR. MICHELI: Thank you, Your Honor.

22 MS. MANOUKIAN: I think ten minutes should be  
23 sufficient.

24 THE COURT: Okay. We'll come back at 2:30.

25 MS. MANOUKIAN: Thank you.



1 THE COURT: Thank you.

2 MR. MICHELI: All right. Thank you.

3 (Recess taken at 2:21 p.m.)

4 (Proceedings resumed at 2:32 p.m.)

5 THE COURT: Please be seated. All right. Let's go  
6 back on the record in the Compute North case.

7 Mr. Cohen?

8 MR. COHEN: Thank you, Your Honor. We discussed with  
9 the debtors, and they're going to drop some proposed language  
10 into the order that -- similar to what we used in the Generate  
11 sale order, and I think with that, we are resolved with our  
12 issues.

13 THE COURT: I appreciate that, Mr. Cohen. Thank you.

14 MR. COHEN: Thank you, Your Honor.

15 THE COURT: The good news is I don't see Mr. Micheli,  
16 which means he's off working.

17 MR. GROGAN: I am not sure what happened to him.

18 THE COURT: He's off working. Never complain.

19 MR. GROGAN: I might be able to take it from here,  
20 but no assurances.

21 THE COURT: He's -- I saw him back, and then he hung  
22 up again.

23 (Pause)

24 THE COURT: Mr. Micheli, welcome back.

25 MR. MICHELI: My apologies, Your Honor. I was -- I



1 could hear you guys. For some reason you couldn't see me, so I  
2 had to log off and log back on.

3 THE COURT: We were only complimenting you, so it was  
4 okay. You didn't miss much.

5 MR. MICHELI: Appreciate that. So I assume -- I did  
6 hear Mr. Cohen speaking, and he represented that we're  
7 comfortable with the form of language that was proposed?

8 THE COURT: Correct. And so I just need to get --

9 MR. MICHELI: Okay.

10 THE COURT: -- the revised language as well as the  
11 schedules filed in an order. And I think we're okay.

12 Mr. Gibbs, I think you had something you wanted to  
13 add though?

14 MR. GIBBS: Good afternoon, Your Honor. I was just  
15 opening my line, when it was appropriate to speak, after the  
16 presentation of evidence.

17 THE COURT: Well, why don't you do it now while we  
18 get -- I'm sure Mr. Micheli needs a few minutes to assemble all  
19 this and let's take that time with you.

20 MR. GIBBS: Okay. Your Honor, just very briefly, on  
21 behalf of the unsecured creditors committee. The committee is  
22 supportive of this motion and ask Your Honor to approve the  
23 order.

24 We were integrally involved in the nine-hour auction  
25 that occurred last week. We, as a consultation party, were



1 provided access to information regarding the bidders. We've  
2 consulted frequently with the debtors' representatives and  
3 advisors and believe that this sale is in the best interests of  
4 the estates.

5 I would note for the Court that the proposed order  
6 that is now being slightly amended, I believe it's in  
7 Paragraphs 10 and 11, have what I'll call carve outs from the  
8 releases -- the scope of the releases regarding certain  
9 agreements. We're fine with that.

10 But I'll point out to the Court that there's still  
11 one day left before the expiration of the bar date or before  
12 the application of the bar date. So to the extent that  
13 additional claims come in from this buyer that we are unaware  
14 of that might pertain to these agreements, we just want the  
15 Court to know we're reserving our right to come back to the  
16 Court if -- since we don't know with perfect clarity the scope  
17 of the potential claims. If one comes in after this sale is  
18 approved, and before the bar date, the end of the day tomorrow,  
19 then we may have an issue with -- that would merit coming back  
20 to the Court. But as it stands now, we are fine with the order  
21 and we are supportive of the sale.

22 THE COURT: Thank you, sir.

23 Mr. Micheli, what kind of timeframe do you need to  
24 get this finished up so that everyone can take a look at the  
25 final matter and I'll put it up on the screen, sign off on it?



1 MR. MICHELI: I can, Your Honor, provide the updated  
2 order here in a couple of minutes. And then I just wanted to  
3 confirm with purchaser's counsel that we are signed off on  
4 attaching the asset purchase agreement with -- and I just  
5 wanted to confirm because I think I missed this part, which  
6 schedules we're including.

7 MR. GROGAN: So, Your Honor, I actually -- I'm not  
8 sure there is anything else to attach here other than the APA  
9 itself. We were not attaching the schedules to the APA, which  
10 do include some confidential business information that I don't  
11 think the purchaser wants in the public domain.

12 THE COURT: I may be missing the point. Tell me  
13 again.

14 MR. GROGAN: So we -- all we're asking you to approve  
15 is the APA itself, the contract, not -- the schedules to the  
16 contract would not be attached and are not attached to what we  
17 filed.

18 THE COURT: The order says, and again, this isn't  
19 anything I care about other than I don't want an order that  
20 says something that I know not to be accurate. The order says  
21 that Schedule 8.1(f) is attached to the order, is the list of  
22 executory contracts.

23 MR. GROGAN: We -- so we had a hard time finding  
24 that.

25 THE COURT: Okay. Well, here's what I'm looking at.



1 Let me find it.

2 UNIDENTIFIED: Your Honor, I think we're looking at  
3 Docket 525-1.

4 THE COURT: That's what I've got up. Let's do this  
5 again. I've got 525-1. Hold on.

6 (Pause)

7 MR. MICHELI: Your Honor, we have a redline. Would  
8 you like us to file that in the docket?

9 THE COURT: Well, hold on. I want to figure out --  
10 I'm having a little trouble with my computer. But what I'm  
11 trying to figure out is why y'all aren't seeing the provision  
12 that I'm seeing.

13 MR. GROGAN: So this may be what you saw but this is  
14 in the --

15 THE COURT: Oh, and this is part of the asset  
16 purchase agreement?

17 MR. GROGAN: It's in the agreement itself. Yes, Your  
18 Honor.

19 THE COURT: Got it. Got it, got it, got it. Okay.  
20 Sorry. I misread the section.

21 MR. GROGAN: It's okay.

22 THE COURT: Okay. So I agree that is not there but  
23 what I feared was there is not there. All right. So we're --  
24 you're going to upload then a redlined version with the  
25 language you've agreed to?



1 MR. GROGAN: Correct. With (cross-talk).

2 MR. MICHELI: Yes, we'll get a redline filed with the  
3 compiled -- with the asset purchase agreement attached to the  
4 changed version of the order and a redline reflecting the  
5 change.

6 THE COURT: Great.

7 MR. GROGAN: Your Honor, we don't have to do it this  
8 second, but I do have a couple of declarations to admit into  
9 evidence.

10 THE COURT: Sure. Go ahead.

11 MR. GROGAN: Okay.

12 THE COURT: Now's a good time.

13 MR. GROGAN: Your Honor, the debtors move to  
14 introduce the declaration of Ryan Hamilton, which was filed at  
15 Document Number 520, into evidence in support of the asset  
16 sale.

17 THE COURT: Is there any objection to the declaration  
18 of Ryan Hamilton?

19 (No audible response)

20 THE COURT: All right, 520 is admitted.

21 (ECF Number 520 admitted into evidence)

22 MR. GROGAN: Your Honor, we also move to introduce  
23 the declaration of Drake Harvey, which was filed at Document  
24 Number 521, into evidence.

25 THE COURT: Any objection to the admission of the





1 Harvey declaration?

2 (No audible response)

3 THE COURT: It is admitted. Thank you.

4 (ECF Number 521 admitted into evidence)

5 MR. GROGAN: Thank you, Your Honor.

6 (Pause)

7 THE COURT: Okay. So the revised order has been --  
8 no that is. There's simply an affidavit, coincidentally got  
9 filed by --

10 MR. MICHELI: Your Honor, we're working to get that  
11 filed now. Give me one moment.

12 THE COURT: No. Epiq happened to file an affidavit  
13 while we were sitting here waiting, showing service of the  
14 prior order.

15 (Pause)

16 MR. MICHELI: Your Honor, this is Matt Micheli.  
17 Apologies for the delay. Those -- the document should be filed  
18 here in the next couple of minutes.

19 THE COURT: All right.

20 MR. MICHELI: Appreciate your patience.

21 THE COURT: Just tell me when you're ready.

22 (Pause)

23 MR. MICHELI: Your Honor, I understand it's been  
24 filed and will appear at ECF 529. So I haven't received the  
25 official notice yet.



1 THE COURT: All right.

2 (Pause)

3 THE COURT: I have it. Let me open the redline.

4 All right. Are there objections? I've got  
5 Ms. Quejada that wants to speak. Ms. Quejada, go ahead.

6 MS. QUEJADA: Yes, Your Honor. Maegan Quejada for  
7 Block Metrics. We have also emailed with the debtors ahead of  
8 time, because our client also has some mining equipment in the  
9 debtors' possession, so the language doesn't work for us  
10 because it only specifies Marathon. If it was something more  
11 like the Generate order where it just says non-debtor third  
12 parties, that would work better if it's possible. Or just  
13 include our client.

14 THE COURT: Mr. Micheli?

15 MR. MICHELI: Yes, in my correspondence with counsel  
16 for Block Metrics, we indicated -- I made a representation as I  
17 indicated to the Court, which is also represented here, but I  
18 didn't -- I'm just hearing from that they're asking for similar  
19 language. My understanding was our previous representations  
20 were sufficient.

21 MS. QUEJADA: Yes, Your Honor. The issue is the  
22 correct -- the statement on the record that says that the  
23 schedule would control over any ownership which would be a  
24 little bit different.

25 THE COURT: So it's pretty easy to know that I'm not



1 going to authorize the sale of assets not owned by the debtor.  
2 And I think I can just fix this order. Let me get that done  
3 and see if we have any objection to it. Hold on a minute.

4 MS. QUEJADA: Thank you, Your Honor.

5 MS. MANOUKIAN: Your Honor, Kristine Manoukian from  
6 Schulte Roth on behalf of Foundry, if I may.

7 THE COURT: All right.

8 MS. MANOUKIAN: We don't -- this is the first time  
9 I'm hearing of this objection. But we don't have an issue  
10 revising the -- I think it's Paragraph 35 at this point but  
11 the language that contains Marathon to also include their  
12 client.

13 THE COURT: I'm just going to include that I'm not --  
14 I do not intend to authorize the sale of any assets not owned  
15 by the debtors. So I'm just going to include that. I mean,  
16 that's pretty easy.

17 MS. MANOUKIAN: Understood, Your Honor.

18 THE COURT: Y'all can't expect me to just authorize  
19 the sale of something they don't own, so --

20 MS. MANOUKIAN: Understood, Your Honor.

21 THE COURT: -- let me just get this fixed. This won't  
22 take long. I'm having a little trouble getting it downloaded  
23 for what I need so hold on one second. This may take just a  
24 second.

25 (Pause)



1 THE COURT: Any objection by anyone to any portion of  
2 the order including the changes that I just made to Paragraph  
3 34?

4 (No audible response)

5 THE COURT: All right. The order's been signed.  
6 It'll be docketed this afternoon. Everybody have a good  
7 Thanksgiving.

8 MR. MICHELI: Thank you, Your Honor.

9 THE COURT: Thank you for coming in next year.

10 MR. GROGAN: Thank you, Your Honor.

11 THE COURT: Thank you all.

12 MS. WHALEY: Thank you, Your Honor..

13 MR. COHEN: Thank you.

14 MS. ALKADRI: Thank you, Your Honor.

15 (Proceedings concluded at 3:12 p.m.)

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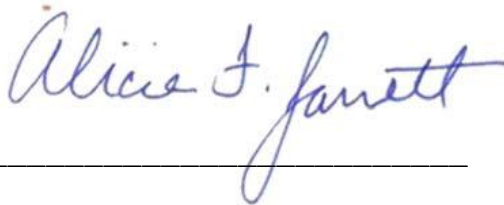
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C E R T I F I C A T I O N

I, Alicia Jarrett, court-approved transcriber, hereby  
certify that the foregoing is a correct transcript from the  
official electronic sound recording of the proceedings in the  
above-entitled matter.



ALICIA JARRETT, AAERT NO. 428

DATE: December 21, 2022

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